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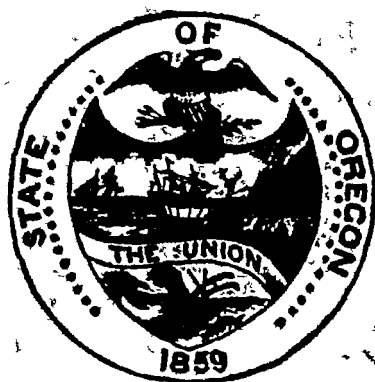
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REPORT
OF THE
STATE BOARD
OF
EQUALIZATION.

1874.



SALEM, OREGON:
MART. V. BROWN, STATE PRINTER.
1874.

REPORT.

To His Excellency,

L. F. Grover,

Governor of Oregon:

SIR: Complying with a provision of an Act entitled "An Act to provide for the State Board of Equalization," approved October 25, 1872, the undersigned, comprising the members of said Board, have the honor to submit the following report:

The Board met and organized according to law. A journal has been kept of each day's proceedings, so that a full and complete record of the Board exists for reference or publication.

Communication was had with the Boards of Equalization of the various counties of the State early in the session by a circular letter, a copy of which is herewith appended, marked A, inviting information and suggestions, which elicited several instructive replies.

The powers conferred by the law are not as distinct in some respects as would seem to be desirable in order to secure its efficiency. It imperfectly provides for an equalization of the assessments for the present year. This the Board, after mature deliberation, and an examination of the rolls, determined could not be accomplished, for the reason that some of the counties had proceeded with the collection of taxes for this year before the passage of the law, and on that account it would have been deemed inex-

pedient and impolitic, if not illegal, to have undertaken to do so, had not the incomplete and imperfect condition of the assessment rolls rendered the attainment of such an object positively impossible.

An inspection of the rolls revealed a lack of uniformity, and great inequality in the values placed upon property. In many of the counties a disregard has been shown to the requirements of the Statutes relating to assessments. The different species of personal property are not given, save upon the rolls of three counties, and with few exceptions, a very imperfect description of the lands. The labors of the Board have consequently, in a great measure, been directed to the adoption of such means as will be likely to prevent the recurrence of such omissions in future assessments.

Rules have been adopted relating to the duties of Assessors, and the form of an assessment roll prepared. Rules also have been framed for the observance of the County Boards of Equalization, copies of all of which are herewith appended, marked B, C and D.

In consideration of the fact that the remote situation of a number of the counties deprives them of the facilities which would insure a certain compliance with the directions of the Board in respect to the form of the assessment roll, it was deemed advisable to have the rolls prepared under careful supervision, and when completed and bound, arrangements have been made to have three copies forwarded to each county, which will be done in season for the commencement of assessing on the first of March next.

Altogether, such action has been taken, in the judgment of the Board, as will materially assist the work of equalization hereafter. Indeed, it is anticipated that, should the

Assessors discharge their duties in a full accordance with the law and the directions given them, that, after the County Boards of Equalization shall have efficiently acted, but inconsiderable service will be required to be performed by the State Board.

A recess was taken during the session to enable the Secretary of State to furnish the Board with tabular statements of the assessments by counties, the aggregates of which, in tabular form, are herewith appended, marked "E." These tables of statistics, imperfect as are the assessment rolls, exhibit interesting and important facts. As will be perceived, the aggregate taxable property of the State is considerably diminished by the aggregate of indebtedness. The Board are inclined to the impression that this large amount of indebtedness does not exist in fact, but that much of it is fictitious. In this view they have endeavored to provide such forms and regulations, relative to assessments as it is thought may tend to produce improved and more gratifying results in the future.

In some of the assessment rolls there are manifold instances where the indebtedness is greater in amount than the aggregate of the property assessed to one individual. Such a record is of no advantage to the County or State, and certainly is not creditable to the individual, while it really gives an untrue and unfavorable aspect to the pecuniary condition of the County. The Board have directed that in such cases it is only necessary to enter an amount of indebtedness sufficient to offset the assessment. In like manner, the three hundred dollars exemption of personal property to each householder, appears only in a few of the rolls, and frequently where it does appear the assessment of personal property is less than the amount of the exemption. The ruling of the Board in this regard is, that the full amount of the exemption should be noted in all cases.

where the amount of the personal property assessed exceeds the amount of the exemption, and when less, then in relative proportion.

The undersigned are of opinion that if all property could be assessed at its actual cash value, as the law requires, the burden of taxation would be very much relieved, as in consequence a lower rate of tax would be the rule both for State and County purposes. At present, the poorer and middle classes are paying the expenses of the government, owing to the inefficiency of assessors and the inequality of assessments. Much valuable property has entirely escaped assessment. Especial instances are given in munificent land grants of several corporations, which are either not assessed at all, or only in part, and where assessed, the valuation is below the price placed upon other lands of like character. Only in a single instance is there an exception to this statement, and that is the wagon road grant in Jackson County, assessed at one dollar and twenty-five cents per acre. Some wealthy corporations have been assessed so lightly as to constitute a comparative exemption from taxation, while other associations of capital again are not named on the assessment rolls. In these instances the Board have exercised the only corrective deemed to be within their power, by requesting the attention of the County Boards of Equalization to the existing facts.

Additional legislation is required, to perfect our revenue system, which the experience of the next year may more definitely determine, and in the next annual report of the Board, may be more appropriately and intelligibly recommended.

All of which is respectfully submitted,

N. H. GATES,
GEO. L. CURRY.

Salem, Oregon, January 9, 1873.

OFFICE OF THE STATE BOARD OF EQUALIZATION,
Salem, November 1, 1873.

To His Excellency, L. F. Grover, Governor of Oregon:

SIR—The law makes it the duty of this Board to communicate with you “in relation to the assessment and collection of the revenue.” In compliance therewith we are gratified to be able to say that there has been a positive, though partial, improvement, at least in the manner in which the result of the work of assessing has been prepared for the examination of the Board. Instead of various sized and unsuitable books, and, in some cases, only sheets of paper loosely fastened together, and all more or less differing from the form prescribed by law, which, heretofore comprised the record of the State assessment, this year the assessment rolls are uniform in appearance, strongly and neatly bound in volumes, and measurably after the tabular form required by law. For the first time in the assessment of the State, the different kinds of property are shown in detail in appropriate columns. This is chiefly due to the measures adopted at the last session of the Board to accomplish such an end.

We regret to observe that too many of the Assessors are inefficient, either through incompetency or disinclination to do their duty in the manner directed by the law. Their neglect, or failure, in the performance of their official service, is shown in the undervaluation of property; inaccuracy in aggregating individual assessments, as well as in the addition of columns; carelessness, in not balancing each page of the assessment roll, so that the addition of the columns of values shall correspond with the sum total of the column of “gross values;” a disregard of the proper manner of qualifying a tax-payer, when rendering an account of his property and indebtedness, in not admin-

istering the oath in the form of an affidavit, setting forth the items of taxable property, as well as indebtedness, instead of a verbal oath; deducting exemption from the assessment of real instead of personal property. But the most serious inefficiency of Assessors is in assessing property far below its actual cash value. Those Assessors who have permitted themselves to be guided by the rules framed by the Board for that purpose, have more satisfactorily performed their work, although the complete cash valuation is yet to be reached.

We are sensible of the ungraciousness of the work that is assigned us, that the more efficiently we may do our part the more may prejudice and self-interest disparage and misjudge, yet we have no choice other than to do our duty to the best of our knowledge and ability, and leave the result to the determination of experience and time.

It is one of the objects of good government that its burdens should be borne equally by all — that no one should be compelled to sustain more than a just proportion of its expenses. When all property is completely listed at the true value, inequality and unfairness in taxation will no longer be experienced, and the less the expense of government the less should be the tax. The accomplishment of an object so desirable and beneficial, as a reduction of the ratio of taxes, can only be attained by a full and complete exhibit of all the assessable property of the State, at its actual cash valuation, as the law requires. The more numerous the sources of revenue the easier is the obligation of the tax-payer fulfilled. The larger the amount of assessable property the lower will be the rate of taxes and the greater the relief from that burthen. To illustrate — If the taxable property of the State could be returned at one hundred millions of dollars, which the Board estimates

to be nearer the cash valuation than the amount actually returned, there would be no necessity for a further continuance of the State tax at five and a half mills, as it could safely be reduced under such circumstances to less than one-half that figure, with a corresponding reduction in the taxation for county purposes.

It is suggested that incompetency is the cause of inefficiency in Assessors; that, under the present system, no better ability can be obtained without increased compensation. In view of future legislation we would advise that Assessors be paid an annual salary, sufficient to insure that talent and competency so essential for a position of such importance. There is no county official whose intelligent and energetic service comprehends more beneficial results, or whose duties are of more vital consequence. The compensation could be graded according to the work to be performed. The term of office should be extended to at least a period of four years, to make the incumbent more independent of interested influences, and to enable him to secure to the public the value of his experience.

In connection with the subject of taxation, we would further suggest the advisability of paying all county officials by a stated yearly salary, instead of by fees as at present, and that the fees for services be collected as usual and transferred to the county treasury. We are assured that after paying liberal compensation for the very best ability, there would remain in the treasury, under such an arrangement, in a majority of the counties, a large surplus of money with which to liquidate county liabilities, and thus relieve the oppressiveness of county taxation. It would also be a movement in the right direction and a help to the tax-payers to consolidate rather than increase the number of offices. The necessary legislation should

be procured that would require the number of positions of a similar class to be consolidated into one, especially in counties where there are city franchises, so that in such counties there would need to be but one assessor and collector, one treasurer for county, city and perhaps school district purposes.

The Board was very considerably delayed in the work of equalization—in the first instance by the inaccuracies and incompleteness of the greater number of assessment rolls, the correction of which occupied a good deal of time and attention, and in the second place the session was prolonged by the failure on the part of some of the counties in the transmission of their assessment rolls, several of which were not received until late in the month of October.

Additional rules have been formulated for assessors, which it is hoped may render their duties more intelligible and secure greater efficiency of service.

Some of the County Boards of Equalization have misinterpreted the law under which they act, and while they were in session for the full period of the term, they sat to hear and answer complaints only, and did not "examine and correct the assessment rolls of their respective counties," or "increase or reduce the valuation of property assessed," where such action was necessary, as the law provides. Attention has been called to this omission in the performance of their duties with the hope that hereafter greater efficiency will be manifested on their part, for without it the labors of the State Board are largely increased, and to some extent rendered nugatory.

The revenue system of the State is very defective. Its thorough amendment is of the first importance. The necessity of the case is so imperious as to demand a com-

plete revision of these laws as soon as possible. They were enacted from time to time without reference to the present system of equalization, and the State and County Boards of Equalization seem to have been created without regard to the Revenue Laws, and consequently difficulties are constantly arising to retard and embarrass the action of these organizations in the exercise of their functions.

The powers of the State Board should be enlarged or made more definite. The number of its members should be increased to at least five, one from each judicial district, which would have a tendency to place the Board in possession of increased local knowledge for the more satisfactory performance of its duties, more certainly insure a quorum at all times during its session, and in the wider division of its labors secure a much greater efficiency.

It was undoubtedly the intention of the Legislature, in making it the duty of the Assessor to deduct from the taxable property of the tax-payer his indebtedness within the State, that the indebtedness so deducted in the form of obligations to pay in the possession of the creditor should be subject to taxation as the property of the creditor; if otherwise, the law is invidious and unjust, and should be repealed, as many of our merchants having liabilities due elsewhere are precluded from the benefit of the law. The Board have therefore directed Assessors hereafter in all cases not to deduct indebtedness unless the names of the creditors are given. It was compelled to this course as a matter of right to the State and to the tax-payer, as well as justice to those who are excluded from taking advantage of the law, and more particularly because of the enormous amount of indebtedness appearing as an offset to assessments. The aggregate indebtedness throughout the State which tax-payers have the

benefit of amounts to \$13,621,114, while the column of "money, notes and accounts" where said indebtedness should appear, aggregates only \$9,030,672, which is too sufficiently significant of itself to need further comment.

The assessable property of the State for the present year was returned at \$57,682,691, deducting indebtedness and exemption, amounting to \$16,982,532, the total taxable property amounted to \$40,700,159. The result of equalization increases this sum to \$45,688,924.94.

With the exception of Multnomah County, the assessments in the outside or border counties were nearer a cash valuation than in the counties situated in the Willamette Valley, which include the more desirable and valuable lands because of cultivation and convenient means of transportation of products to markets of exchange. The assessment of agricultural lands generally, with the exception of five counties, were so palpably below the actual cash valuation as to make an equalization by an additional percentage on the gross assessment, a matter of the sheerest justice. So imperfect and unfair have been some of the assessments that lands for which \$20 per acre have been offered and declined, have been assessed at \$8 per acre; and in no county in the Willamette Valley, excepting Multnomah County, have the agricultural lands been assessed at any figures approximating a cash valuation. Also, several species of personal property have been assessed very much below a cash valuation, but as there was no assessment in a single instance approximating a cash valuation of such property, no increase could be made, the Board having to do only with the equalization of assessments. These facts must be borne in consideration in reviewing the work of the Board in the matter of equalization.

For the first time in the statistics of the State there is an exhibit of the number and value of the different kinds of live stock. It affords gratifying information. The more diversified the products of a country, the more assured is its prosperity and wealth. In the counties east of the mountains the assessment of live stock generally approached nearer the cash value than elsewhere, save in the one county already named. In three of the chiefest agricultural counties of the State, convenient to water and railroad transportation, the average assessment of cattle was from \$8 96 to \$11 50 per head, while in the two extreme southern counties, Jackson and Josephine, the average exceeded \$16 per head. In the counties of Clatsop and Columbia \$19 50 and \$21 98 respectively, and Baker, Grant and Wasco counties from \$15 66 to \$17 56.

In equalizing the assessments of the lands belonging to the grants to Wagon Road Companies, comprising 484,562 acres, the Board took into consideration the fact that they were withheld from present settlement for speculative purposes and deemed that the Government price, \$1 25 per acre, at which they were assessed in one county, although at a higher price in another, was a proper assessment for such land, except those in Wasco county which were equalized at 40 cents on account of their remoteness and inferior character of soil. The lands of the European and Oregon Land Company, embracing 192,414 acres, were likewise viewed as held for speculative purposes and their assessment was equalized to the highest assessment, \$1.50, in the central counties, and in other localities at \$1 25 per acre. Some of the lands of the railroad grant have been sold at much higher figures. They were all conveyed to the present company at \$1 25 per acre and are held for sale at a price beyond that rate.

In conclusion we have the honor to submit the accompanying tabular statements as part of this report. It is believed that they contain valuable statistical information, that may be useful in the future in legislating; and otherwise, at all events, they will serve to show in part the labors of the Board in the duties of equalization.

Exhibit "A" is a table of the acreage, average value per acre, and gross value of land, exclusive of grants to corporations, in each county of the State, and per cent. of increase after equalization. It shows an aggregate of 3,489,394 acres, and the assessed value, \$19,010,508, with the value as equalized, \$22,220,381 40.

Exhibit "B" is a table of the number and gross and average value of stock in each county of the State, and per cent. of increase after equalization. It gives 65,789 horses, assessed value, \$2,589,617; equalized value, \$3,080,227. Cattle, 232,132; assessed value, \$3,416,946; equalized value, \$3,783,061. Sheep, 388,241; assessed value, \$965,461; equalized value, \$1,041,199. Swine, 72,825; assessed value, \$145,641; equalized value, \$212,354.

Exhibit "C" is a table of the property of corporations, showing descriptions of property owned by each company, the assessed value thereof, the percentage added or deducted, and the equalized value. This exhibit gives 427½ miles of telegraph line, assessed value, \$27,950; equalized value, \$42,750; 257½ miles of railroad, equalized at \$5,803 38.3½ per mile, or \$1,494,500; 192,514 acres of land of European and Oregon Land Company, assessed value, \$146,698 93; equalized value, \$268,121 49; 484,562 acres of land of wagon road companies, assessed value, \$365,461; equalized value, \$477,925.

Exhibit "D" is a table of aggregates of property in

each county of the State, with the values as assessed and equalized, showing the total taxable property of the State as equalized to be \$45,688,924 94.

All of which is respectfully submitted.

N. H. GATES, .

W. F. ALEXANDER,

GEO. L. CURRY.